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RUEAIIA/CIA WASHDC IMMEDIATE
RUEHRC/DEPT OF AGRICULTURE USD WASHDC IMMEDIATE
RUCPDOC/DEPT OF COMMERCE WASHDC IMMEDIATE
RHEFDIA/DIA WASHINGTON DC IMMEDIATE
RUEIDN/DNI WASHINGTON DC IMMEDIATE
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC IMMEDIATE
RUEAORC/US CUSTOMS AND BORDER WASHDC IMMEDIATE
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SENSITIVE
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TAGS: ECON EAGR ECIN ELTN ETRD PBTS PREL CASC BEXP
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SUBJECT: HONDURAS-EL SALVADOR TRADE BARRIER DISPUTE LEADS
TO POSSIBLE BORDER BLOCKADE

REF: MANAGUA 753

¶11. (SBU) SUMMARY: A Honduran agricultural association is planning to hold a demonstration aimed at disrupting traffic through the Honduras-El Salvador border crossing point at El Amatillo on November 17. The association, the National Federation of Farmers and Ranchers of Honduras (FENAGH), is protesting the El Salvadoran government's refusal to allow the import of a variety of Honduran agricultural products. Tensions between the two countries on phyto-sanitary issues have been simmering for several months. If the Honduran producers' concerns are not addressed within two days, FENAGH plans to expand the protest to the Honduras-Nicaragua border crossing point at Guasaule. If a large protest materializes, it could cause long delays and cargo backups on both sides of the border similar to when Zelaya's supporters amassed at the Los Manos crossing between Honduras and Nicaragua on July 24 (reftel). END SUMMARY.

¶12. (U) Tensions between Honduras and El Salvador on phyto-sanitary issues have been simmering for several months. In July, Honduras banned the importation of eggs originating in El Salvador after an independent laboratory analysis conducted at an Iowa reference lab concluded that some eggs from El Salvador came from poultry that were vaccinated against avian influenza. Honduras and El Salvador had previously signed an agreement which stated that only eggs from farms whose poultry was not vaccinated could be imported into Honduras. Honduras believes that this measure is compliant with World Trade Organization (WTO) regulations since Honduras is free from avian influenza.

¶13. (SBU) Shortly afterwards, El Salvador reported that it had detected coli forms in cream exported by a Honduran manufacturer, LACTHOSA, and was therefore banning the importation of Honduran cream. The president of the National Federation of Farmers and Ranchers of Honduras (FENAGH), Santiago Ruiz, told EconOff on November 16 that the GOH had requested that sample testing be moved away from the border station, claiming that samples became contaminated at the border crossing facility, but that the GOES refused the GOH's request and continued to conduct sampling at the border. In early November, the GOES expanded its ban against Honduran products to include a variety of products such as artisanal cheese, meat, and shrimp. Meanwhile, El Salvador continues to allow the importation of these same products from Nicaragua,

despite the fact that they are transshipped via Honduras. According to the local press, the GOH is considering closing its borders to El Salvadoran products in reciprocity.

¶4. (SBU) Ruiz told EconOff that FENAGH believes that the ban by the GOES is not based on health or legal measures, that it specifically targets Honduran manufacturers, and that it violates Central American Integration System (SICA) rules. He said that, in response to the imposition of the trade barriers by the GOES, FENAGH has organized a demonstration at the El Amatillo border crossing that will begin at noon on November 17. Ruiz estimated that about 200 producers will drive their trucks to Honduran side of the border area and create a blockade in an attempt to impede the flow of Nicaraguan dairy products crossing from Honduras into El Salvador. FENAGH hopes that this action will prompt the GOES to meet with the GOH toward a resolution to the aforementioned disputes. However, if there is no momentum, Ruiz said that FENAGH will expand the blockade after two days to include the Honduras-Nicaragua border crossing point at Guasaule (presumably to prevent Nicaraguan products from entering Honduras for transshipment to El Salvador).

¶5. (SBU) COMMENT: Rumors have circulated that Honduras and El Salvador's commerce and agriculture ministers were planning to meet on this issue, but no such meetings have taken place. Such a meeting would be unusual since, like other countries in the region, El Salvador does not recognize the de facto regime. It would be more feasible for lower level representatives from the two governments to meet to resolve the dispute. In the meantime, if a protest materializes on the scale that Ruiz predicts, it could cause

long delays and cargo backups on both sides of the border similar to when Zelaya's supporters amassed at the Los Manos crossing between Honduras and Nicaragua on July 24 (reftel).

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